

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

OFFICE OF CHILDREN'S SERVICES

FRANK H. MURKOWSKI, GOVERNOR

FAMILY NUTRITION PROGRAM - WIC
130 Seward Street, Room 508

P.O. BOX 110612

JUNEAU, AK 99811-0612

PHONE: (907) 465-3100 FAX: 465-3416

FAX: (907) 269--3465

<http://hss.state.ak.us/ocs/nutri/WIC/Default.htm>

Reply to: **All Local Agencies Memorandum No-05-2**

Date: January 18, 2005

TO: X-LA WIC Coordinators
X-Satellites

FROM: Kathleen Wayne
State WIC Director

Information- X

Policy- X

Action- X

Routine (hard copy only) - X

Urgent (fax and hard copy)-

SUBJECT: Reduced food costs spending initiatives

We have completed preliminary analysis of food costs for the remainder of FFY 05 and have projected food costs to be at 112% of our available food funds. This translates into a 1.75 million dollar over expenditure. This increase does not appear to be due to increased case load, as that has declined over the past three months. It does seem to correlate with increased food costs and with our request last summer for participants to use all of their warrants. Obviously, we need to look at some immediate food costs reductions and have decided on two tactics.

The first is to make the following food package substitutions. Effective immediately, local agencies are asked to start using the following food package substitutions whenever possible in order to reduce costs. Other substitutions may be appropriate in some cases. We want to reduce the overall quantity of milk and juice issued and in rural areas, substitute more powdered and evaporated milk for fresh and UHT milk.

Current Fd Package	Description	Package to Use Instead
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Children (FI packages):

9200	F/ - 2 lb Cheese (3 warrants)	8263 (reduced mlk/jc)
8276	F/ - 2 lb Cheese/PB or Beans/Reduced Juice	8263
0232 *	U/ - 2 lb Cheese	8263 *
0202	F/ - 2 lb Cheese (4 warrants)	8263
9201	F/ - 1 lb Cheese	8263
0223 *	U/whole/ - 2 lb Cheese	8263 *
0201	F/ - 1 lb Cheese	8263

* These changes are affected by the UHT/Fresh Milk food package changes and the new Food List. Participants in rural areas might have problems using Food Package 8263 before the new Food List is available.

Children (MOV packages):

9103	E/U/ - 2 lb Cheese/Salm instd of Dry Eggs/PB no Beans	9111
9105	U/ - 2 lb Cheese/Salm instd of Dry Eggs/PB no Beans	9111
0352	E/U/ - 2 lb Cheese/PB no Beans	8015 or 8017
9015	U/ - 2 lb Cheese/PB no Beans	9018
9100	E/U/ - 2 lb Cheese/Salm instd of Dry Eggs/PB no Beans	9018 or 9111

These changes to the MOV food packages essentially reduce the amount of UHT whole milk and eliminate the food packages that substitute salmon for dried eggs and those that allow peanut butter exclusively instead of beans.

The second is the updated food list with the following changes:

Cereal: Special K and Wheaties will be deleted

Cheese: American cheese will be the only **sliced** cheese allowed

We hope to mail the new Food Lists by late February, which will have an effective date of March 1, 2005. The expected transition period, during which both the current and new food lists may be used, is expected to be March 1 through May 31, 2005.

It will be several months before any spending relief will be realized, but if spending continues to rise, there are other future price reduction initiatives we want to forewarn you about. Possible future reductions include:

- Additional milk and juice food package reductions
- Additional food list changes
- Review of average cost per warrant type
- Rural stores that have continual stock problems and higher prices will be changed to MOV
- Waiting Lists

We realize that these options are not without consequences and we hope that our current efforts will result in amount of change needed to keep us within budget. If you have suggestions or concerns about these changes, please let me know.